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To: Mortgage Licensees/Registrants

From:  Greg Gonzales

Subject: Secure and Fair Enforcement for Mortgage Licensing Act of 2008
("S.A.F.E.")

Date: October 15, 2008

This letter is to notify Tennessee mortgage licensees and registrants of recently passed federal legislation that the Department of Financial Institutions will be implementing.

On July 30, 2008, President Bush signed into law a bill that includes the Secure and Fair Enforcement for Mortgage Licensing Act ("S.A.F.E."). S.A.F.E. requires states to adopt the following measures:

- Provide for licensing of mortgage loan originators through a nationwide Internet-based system termed the National Mortgage Licensing System & Registry ("NMLS&R"). This system will issue a unique identifier number permanently identifying a mortgage loan originator for nationwide use.
- Provide for minimum standards for licensing of mortgage loan originators, including:
 - No mortgage loan originator license revoked in any governmental jurisdiction;
 - Not convicted of, or pled guilty or nolo contendere to, any felony during the 7-year period preceding the date of application;
 - Never been convicted of, or pled guilty or nolo contendere to, any felony involving an act of fraud, dishonesty, breach of trust, or money laundering;
 - Demonstrated the financial responsibility, character, and general fitness to command the confidence of the community and to warrant a determination that the originator will operate honestly, fairly, and efficiently;
 - Passed a written pre-licensing test; and,
 - Completed twenty (20) hours of pre-licensing education.
- Require that mortgage loan originators continue to meet the first four (4) minimum standards above and also complete eight (8) hours of continuing education annually to renew their license.

- Require a surety bond that is scaled based on the dollar amount of loans originated. Note: Additional information will be provided at a later date.

The Department's work to implement S.A.F.E. coincides with its recent announcement to begin participation in the NMLS&R for licensing of mortgage companies. While license/registration renewals of mortgage companies for 2009 will be handled in the same manner as in prior years, existing licensees and registrants will be given time in 2009 to transition their record to the NMLS&R in an orderly fashion. The Department will be providing you with additional detailed information regarding NMLS&R via future mailings.

Licensees and registrants are encouraged to visit the NMLS&R website and Department website at www.tn.gov/tdfi/ for more information - from the homepage, click on "S.A.F.E. Act and Public Chapter 821" under the heading Compliance Division.